

**LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION**

FINANCIAL REPORT

JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Louisiana Immersive Technologies
Enterprise Commission
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Louisiana Immersive Technologies Enterprise Commission, as of and for the year ended June 30, 2014, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Immersive Technologies Enterprise Commission, as of June 30, 2014, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, on our consideration of the Louisiana Immersive Technologies Enterprise Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana Immersive Technologies Enterprise Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Bernard Piche Lami". To the right of the signature is the text "Bureau U.P." also handwritten.

Lafayette, Louisiana
November 5, 2014

LOUISIANA IMMERSIVE TECHNOLOGIES ENTERPRISE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Louisiana Immersive Technologies Enterprise Commission's (the "Commission") financial performance provides an overview of the financial activities for the year ended June 30, 2014. Please read it in conjunction with the Commission's financial statements, which begin on page 7.

I. FINANCIAL HIGHLIGHTS

The Commission's net position decreased by \$586,172 or 3.3% as a result of this year's operations.

The Commission's operating revenues were \$675,307 for the year ended June 30, 2014, compared to \$675,586 for the year ended June 30, 2013, a decrease of less than .05%.

Funding provided by the State and other grantors was \$1,773,111 for the year ended June 30, 2014, compared to \$2,103,017 the previous year, a decrease of \$329,906 or 15.7%, largely due to the decrease in funding from the University.

Total operating expenses during the year ending June 30, 2014 were \$3,046,208, compared to \$3,168,201 during the year ending June 30, 2013, a decrease of \$121,993 or 0.04%.

II. USING THIS ANNUAL REPORT

One of the most important questions asked about the Commission's finances is, "Is the Commission better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Commission and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and the related changes. The net position, the difference between the assets and the liabilities, is one way to measure the Commission's financial position or financial health. Over time, increases or decreases in the Commission's net position is one indicator of whether its financial health is improving or deteriorating.

Another measure of the Commission's financial health is the in kind services as documented by the expenses and reduced revenue in support of business development (Pixel Magic, Global Data Systems, Opportunity Machine), university research and development (UL Lafayette CAVE, Picard Center for Child Development and Lifelong Learning) and internal innovation investments (medical technology visualization, LEDA downtown project, transportation development), as well as use of facilities to support the arts, science and engineering, and economic development activities in the community.

In accordance with Government Accounting Standards, both government-wide and fund financial statements are typically presented. However, because the Commission's activities are considered business-type activities, the statements in both presentations are identical. As a result, only one set of financial statements is presented.

II. CONDENSED FINANCIAL STATEMENTS

The following table reflects the condensed statement of net position for 2014, with comparative figures from 2013.

TABLE I
CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 2,784,924	\$ 2,380,473
Capital assets, net	<u>14,590,255</u>	<u>15,536,343</u>
Total assets	<u>\$ 17,375,179</u>	<u>\$ 17,916,816</u>
Current liabilities:		
Accounts payable and other current liabilities	<u>\$ 124,921</u>	<u>\$ 80,386</u>
Net position:		
Net investment in capital assets	\$ 14,590,255	\$ 15,536,343
Unrestricted	<u>2,660,003</u>	<u>2,300,087</u>
Total net position	<u>\$ 17,250,258</u>	<u>\$ 17,836,430</u>
Total liabilities and net position	<u>\$ 17,375,179</u>	<u>\$ 17,916,816</u>

The following table provides a summary of the statement of revenues, expenses, and change in net position for the year ended June 30, 2014, with comparative figures from 2013:

TABLE II
CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 675,307	\$ 675,586
Operating expenses	<u>3,046,208</u>	<u>3,168,201</u>
Operating loss	\$ <u>(2,370,901)</u>	\$ <u>(2,492,615)</u>
Non-operating revenues (expenses)	\$ <u>1,784,729</u>	\$ <u>(1,349,785)</u>
Change in net position	\$ (586,172)	\$ (3,842,400)
Net position, beginning	<u>17,836,430</u>	<u>21,678,830</u>
Net position, ending	<u>\$ 17,250,258</u>	<u>\$ 17,836,430</u>

During the fiscal year ended June 30, 2014, funding provided by the State and other grantors decreased by \$329,906 or approximately 15.7% compared to 2013.

Operating expenses, excluding depreciation expense of \$1,067,019 and \$1,303,726 at June 30, 2014 and 2013, respectively, increased by \$118,458 or approximately 6.4%.

III. CAPITAL ASSETS

At June 30, 2014, the Commission had \$14,590,255 invested in capital assets. This amount represents a net decrease of \$946,088 from last year. This decrease is largely due to recognition of depreciation expense during the fiscal year.

IV. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In creating the budget for the fiscal year ended June 30, 2014, management considered many factors. One of the most critical is another anticipated reduction in state revenues similar to the 2013 fiscal report. This will be balanced with emphasis on increasing operational revenues and reducing operating expenses.

V. CONTACTING THE COMMISSION'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Commission's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Paula Carson, Ph.D., Interim CEO, at the Commission's main office located at 537 Cajundome Blvd., Lafayette, LA, 70506 or by phone at (337) 735-5483.

LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION

STATEMENT OF NET POSITION
June 30, 2014

ASSETS

CURRENT ASSETS

Cash	\$ 2,757,381
Accounts receivable	6,670
Prepaid expenses	<u>20,873</u>
Total current assets	<u>\$ 2,784,924</u>

CAPITAL ASSETS

Depreciable, net	<u>\$ 14,590,255</u>
Total assets	<u>\$ 17,375,179</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 78,174
Unearned revenue	7,876
Compensated absences	<u>38,871</u>
Total current liabilities	<u>\$ 124,921</u>

NET POSITION

Net investment in capital assets	\$ 14,590,255
Unrestricted	<u>2,660,003</u>
Total net position	<u>\$ 17,250,258</u>
Total liabilities and net position	<u>\$ 17,375,179</u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
Year Ended June 30, 2014

Operating revenues:	
Lease revenue	\$ 437,699
Data center revenue	171,920
Project revenue	53,530
Venue usage revenue	10,760
Miscellaneous	<u>1,398</u>
Total operating revenue	<u>\$ 675,307</u>
Operating expenses:	
Salaries and employee benefits	\$ 1,102,793
Accounting and auditing	12,214
Business development	14,185
Depreciation expense	1,063,275
Dues and memberships	30,701
Insurance	82,181
Internet	7,776
Legal	24,575
Marketing and advertising	12,196
Pest control	2,016
Professional development	1,637
Repairs and maintenance	245,055
Supplies	23,254
Technology and software expense	7,029
Telephone	16,817
Utilities	391,284
Waste disposal	4,039
Other	<u>5,181</u>
Total operating expenses	<u>\$ 3,046,208</u>
Operating loss	<u>\$ (2,370,901)</u>
Non-operating revenues (expenses):	
Funding provided by State of Louisiana -	
University of Louisiana at Lafayette	\$ 1,773,111
Interest income	<u>11,618</u>
	<u>\$ 1,784,729</u>
Change in net position	\$ (586,172)
Net position, beginning	<u>17,836,430</u>
Net position, ending	<u>\$ 17,250,258</u>

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION

STATEMENT OF CASH FLOWS
Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from lessees and venue usage	\$ 778,851
Payments to suppliers for goods and services	(850,639)
Payments to employees and for employee related costs	(1,102,100)
Other receipts	<u>9,274</u>

Net cash used in operating activities \$ (1,164,614)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Intergovernmental funding	<u>\$ 1,773,111</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	<u>\$ (117,187)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>\$ 11,618</u>
-----------------	------------------

Net increase in cash \$ 502,928

Cash, beginning of year 2,254,453

Cash, end of year \$ 2,757,381

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES

Operating loss	\$ (2,370,901)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,063,275
Change in assets and liabilities -	
Decrease in receivables	104,942
Increase in prepaid expenses	(6,465)
Increase in accounts payable	35,966
Increase in unearned revenue	7,876
Increase in compensated absences	<u>693</u>

Net cash used in operating activities \$ (1,164,614)

See Notes to Financial Statements.

LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of the Louisiana Immersive Technologies Enterprise Commission (the "Commission") have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Commission are described below.

Reporting entity:

A financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Primary government:

The Commission is a political subdivision of the State of Louisiana, created pursuant to Louisiana Revised Statutes 51:2101 and 51:2102. The Commission came into existence on June 23, 2006 with the signing of Act 624. The Commission serves the state by furthering education in immersive technologies, engaging in collaborative research involving immersive technologies, and by furthering the economic development of business and industries utilizing immersive technologies. The Commission is governed by a Board of Commissioners, composed of seven persons appointed by the Secretary of the Louisiana Department of Economic Development, the Chairman of the Board of the Lafayette Economic Development Authority, and the President of the University of Louisiana at Lafayette.

Component units:

The basic criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes, are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the primary government and the potential component unit.
4. Imposition of will by the primary government on the potential component unit.
5. Financial benefit/burden relationship between the primary government and the potential component unit.

NOTES TO FINANCIAL STATEMENTS

Based on the above criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

Basis of presentation:

The Commission's basic financial statements consist of its Enterprise Fund's financial statements which report the business type activities of the entity. The statements are prepared in accordance with accounting principles generally accepted in the United State of America as applied to governmental units.

Because the Commission operates as a business type entity, presentation of separate government-wide and fund financial statements would be redundant (the two are identical); thus, the Commission has presented one set of basic financial statements.

The Commission considers lease, venue usage and project revenues to be operating revenues, while revenues derived from intergovernmental agreements, grants and other similar funding arrangements to be non-operating revenues.

Basis of accounting:

The basic financial statements presented are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

Cash includes amounts in demand deposits and on hand. For purposes of reporting cash flows, the Commission considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Custodial credit risk:

The Commission is exposed to custodial credit risk as it relates to their deposits with financial institutions. The Commission's policy to ensure there is no exposure to this risk is to require each financial institution to pledge their own securities to cover any amount in excess of Federal Depository Insurance Coverage. These securities must be held in the Commission's name. Accordingly, the Commission had no custodial credit risk related to its deposits at June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

Capital assets:

The Commission's property, plant, and equipment (fixed assets) with useful lives of more than one year are stated at historical cost or estimated historical cost for assets where actual historical cost is not available and reported in the financial statements as capital assets. The Commission maintains a capitalization threshold level of \$5,000 for software licenses and \$1,000 for all other fixed asset purchases. The costs of normal repairs and maintenance that do not add to the value of an asset or materially extend asset useful lives are not capitalized. Depreciation of all exhaustible fixed assets is recorded as an expense in the statement of revenues, expenses, and changes in net position, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	30
Buildings and improvements	10 - 30
Equipment	5 - 7
Computer hardware	5
Software	3

Equity classifications:

Equity is classified as net position and displayed in three components: (1) net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, (2) restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation, and (3) unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Compensated absences:

Employees earn a set amount of vacation leave each year depending on years of service. Vacation leave may be carried forward from year to year, with the accumulated total not exceeding 30 days. Upon termination of employment with the Commission, employees are paid for unused vacation time that has been earned through the last day of work. As such, a provision for this has been made in the financial statements.

Employees also earn sick leave at a rate of one day per month. Sick leave may be carried forward from year to year, with the accumulated total not exceeding 12 working days. When employment with the Commission is severed, either voluntarily or involuntarily, all accrued sick time is forfeited and is not compensated in the form of cash or any other benefit.

Recent accounting pronouncements:

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "*Items Previously Reported as Assets and Liabilities*." This Statement is effective for financial statements for years beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows or

NOTES TO FINANCIAL STATEMENTS

resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The adoption of GASB 65 had no effect in the current year.

Note 2. Capital Assets and Depreciation

Capital assets activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Land improvements	\$ 8,618	\$ -	\$ -	\$ 8,618
Building	15,717,705	-	-	15,717,705
Building improvements	1,482,642	52,298	-	1,534,940
Equipment	959,704	7,879	-	967,583
Computer hardware	1,833,104	57,010	-	1,890,114
Software	158,856	-	-	158,856
	<u>\$ 20,160,629</u>	<u>\$ 117,187</u>	<u>\$ -</u>	<u>\$ 20,277,816</u>
Less accumulated depreciation for:				
Land improvements	\$ (861)	\$ (287)	\$ -	\$ (1,148)
Building	(2,095,693)	(523,924)	-	(2,619,617)
Building improvements	(147,851)	(75,866)	-	(223,717)
Equipment	(748,353)	(187,822)	-	(936,175)
Computer hardware	(1,477,734)	(270,315)	-	(1,748,049)
Software	(153,794)	(5,061)	-	(158,855)
	<u>\$ (4,624,286)</u>	<u>\$ (1,063,275)</u>	<u>\$ -</u>	<u>\$ (5,687,561)</u>
Total capital assets being depreciated, net	<u>\$ 15,536,343</u>	<u>\$ (946,088)</u>	<u>\$ -</u>	<u>\$ 14,590,255</u>
Capital assets, net	<u>\$ 15,536,343</u>	<u>\$ (946,088)</u>	<u>\$ -</u>	<u>\$ 14,590,255</u>

Depreciation expenses for the year ended June 30, 2014 was \$1,063,275.

Note 3. Economic Dependency

Operating funds transferred from the University of Louisiana at Lafayette for the year ended June 30, 2014 totaled \$1,773,111 or 72% of overall revenue.

NOTES TO FINANCIAL STATEMENTS

Note 4. Lease Agreements

The Commission leases office space within its facility to several private companies. These office spaces are rented at fair market value rates. Lease terms vary depending on each tenant's needs. Future minimum rental payments to be received on these operating leases are summarized below:

Year Ending June 30,	
2015	\$ 309,978
2016	<u>91,128</u>
	<u>\$ 401,106</u>

Note 5. Lease of Property

The Commissions facilities are located on property leased from the University of Louisiana at Lafayette. The lease is for an unspecified period of time and there is no rental expense associated with the lease.

Note 6. Retirement Plan

The Commission administers a 457 defined contribution plan and a Roth 401k (after tax) plan to provide retirement benefits for its employees. Trustees of the trust established as part of these plans are the Chief Executive Officer and the Executive Committee of the Board of Commissioners. The Commission may amend the plans at any time by notification to employees in writing. Employees are eligible to become a participant in the plans on the first day of the month following the date he or she reaches age 21 and completes six consecutive calendar months of employment at the Commission. Employees may choose to contribute any amount of compensation to the plans, up to the maximum amount allowed by law. The Commission matches employee contributions up to 5% of the employee's compensation. The Commission's matching contributions for the year ended June 30, 2014 were \$31,058.

Note 7. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Commission purchases commercial insurance to cover any claims related to these risks.

Note 8. Contingencies

In the normal course of operations, the Commission receives grant funds from various state agencies. The grants are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Louisiana Immersive Technologies
Enterprise Commission
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission ("the Commission"), as of and for the year ended June 30, 2014, and the related notes to financial statements, and have issued our report thereon dated November 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses at #2014-1 to be a material weakness.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Louisiana Immersive Technologies Enterprise Commission's Response to Findings

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

A handwritten signature in black ink, reading "Bernard Locke, Jr." followed by a stylized flourish.

Lafayette, Louisiana
November 5, 2014

LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014

We have audited the basic financial statements of the Louisiana Immersive Technologies Enterprise Commission as of and for the year ended June 30, 2014, and have issued our report thereon dated November 5, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2014, resulted in unqualified opinions.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses X Yes __ No

Control deficiencies identified
that are not considered to be
material weakness(es) __ Yes X None reported

Compliance

Compliance material to financial statements __ Yes X No

Section II. Financial Statement Findings

#2014-1 Segregation of Duties

Finding: The Commission does not have an adequate segregation of duties in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. One individual prepares deposit slips, enters deposits into the accounting system, and reconciles the cash account. The same individual is involved in the accounts payable function, having the ability to print checks, and in the payroll function, having access to the online payroll system and the ability to approve payroll. While we recognize that the Commission may not be a large enough entity to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Commission should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Response: We have segregated duties as much as possible with the resources available. We will monitor the situation.

LOUISIANA IMMERSIVE TECHNOLOGIES
ENTERPRISE COMMISSION

SCHEDULE OF PRIOR FINDINGS
Year Ended June 30, 2014

Section I. Internal Control and Compliance Material to the Financial Statements

#2013-1 Segregation of Duties

Recommendation: Keeping in mind the limited number of employees to which duties can be assigned, the Commission should monitor assignment of duties to assure as much segregation of duties and responsibility as possible.

Current Status: This finding is repeated at #2014-1.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended June 30, 2013.